

**A. NOTES TO THE FINANCIAL REPORT PURSUANT TO FRS 134
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2011**

1. Accounting policies and methods of computation

The interim financial report, which is unaudited and has been prepared in accordance with FRS134, 'Interim Financial Reporting' and Chapter 9, Appendix 9B of the Listing Requirement of the Bursa Malaysia Securities Berhad, should be read in conjunction with the Group's annual audited financial statements for the year ended 30 June 2011.

The interim financial report has been prepared based on accounting policies and methods of computation that are consistent with those adopted in the preparation of annual audited financial statements for the year ended 30 June 2011 except for the following :-

i) Adoption of New and Revised FRSs, IC Interpretations and Amendments

In the current period ended 31 December 2011, the Group adopted the following new and revised FRSs, IC Interpretations and amendments which are applicable to its financial statement and are relevant to its operations :

Amendments to FRS 1 *Limited Exemption from Comparative FRS7 Disclosures for First-time Adopters*
Amendments to FRS1 *Additional Exemptions Disclosures for First-time Adopters*
Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions*
Amendments to FRS 7 *Improving Disclosures about Financial Instruments*
Amendments to IC Interpretation 14 *Prepayments of a Minimum Funding Requirement*
Amendments to FRSs contained in the document entitled "*Improvements to FRSs (2010)*"
IC Interpretation 4 *Determining whether an Arrangement contains a Lease*
IC Interpretation 18 *Transfers of Assets from Customers*
IC Interpretation 19 – *Extinguishing Financial Liabilities with Equity Instruments*

The adoption of the above amended/revised/new FRSs and IC Interpretations has no effect to the Group's consolidated financial statements of the current quarter or the comparative financial statement of the preceding year corresponding period.

ii) New and Revised FRSs, IC Interpretations and Amendments issued but are not yet effective for the Group's current quarter report

FRS 124 *Related Party Disclosures (revised in 2010)*
IC Interpretation 15 *Agreements for the Construction on Real Estate*

The adoption of other New and Revised FRSs, IC Interpretations and Amendments will have no significant impact or not result in changes to the existing accounting policies.

2. Seasonal or cyclical operations

The performance of the Group is generally dependent on the performance of the global electronics industry.

3. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

There were no unusual items during the reporting quarter which affecting assets, liabilities, equity, net income or cash flow of the Group.

4. Nature and amount of changes in estimates of amount reported in prior interim periods of the current financial year, which give a material effect in the current interim period

There were no significant changes in estimates of amounts reported in prior interim periods of the current financial year or prior years that have a material effect in the current quarter.

5. Issuances, cancellations, repurchases, resale and repayments of debt and equity security

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity security during the reporting quarter.

6. Dividend Paid

No dividend has been paid for the current quarter and financial year-to-date (31 December 2010 : Nil).

7. Segmental information

For management purpose, the Group views the business units based on the geographical locations and has the following reportable operating segments :-

Malaysia - Manufacture of precision components, sheet metal and surface treatment

China - Manufacture of precision components and surface treatment

Thailand - Manufacture of precision components (dissolved in July 2011)

For Six Months Ended 31/12/11

	Continuing Operations		Discontinued operation	Unallocated non-operating segments	Consolidation adjustments and eliminations	Total
	Malaysia	China	Thailand			
	RM'000	RM'000	RM'000			
Revenue from external customer	24,543	5,583	0	0	0	30,126
Intersegment revenue	753	0	0	5,275	(6,028)	0
Depreciation and amortization	1,112	618	0	142	0	1,872
Reportable segment profit	4,023	(186)	0	4,831	(5,390)	3,278
Reportable segment assets	37,735	13,490	0	86,093	(44,561)	92,757
Expenditure for non-current assets	308	442	0	6,292	(237)	6,805
Reportable segment liabilities	7,997	2,049	-	18,787	(19,233)	9,600

Note : "Unallocated non-operating segments" consist of two inactive subsidiaries in Malaysia and holding company.

For Six Months Ended 31/12/10

	Continuing Operations		Discontinued operation	Unallocated non-operating segments	Consolidation adjustments and eliminations	Total
	Malaysia	China	Thailand			
	RM'000	RM'000	RM'000			
Revenue from external customer	26,269	6,295	288	0	0	32,852
Intersegment revenue	705	0	41	1,365	(2,111)	0
Depreciation and amortization	1,803	515	77	69	0	2,464
Reportable segment profit	4,357	1,474	(409)	852	(1,312)	4,962
Reportable segment assets	40,631	13,526	1,143	70,763	(39,771)	86,292
Expenditure for non-current assets	820	1,573	29	0	0	2,422
Reportable segment liabilities	8,538	3,860	822	12,716	(14,337)	11,599

Note : “Unallocated non-operating segments” consist of two inactive subsidiaries in Malaysia and holding company.

Geographical Information

The Group’s business is managed on a worldwide basis, and operates in three principal geographical areas of the world. The Group’s home country is Malaysia, and the Group also operates in Thailand and China.

The following is an analysis of the Group’s sales by geographical market for six months period ended 31 December 2011 and preceding year corresponding quarter ended 31 December 2010, irrespective of the origin of the goods/services :-

Revenue by geographical market	Current Year Period Ended 31/12/2011 RM'000	Preceding Year Corresponding Period Ended 31/12/2010 RM'000
<u>Continuing Operations</u>		
Malaysia	15,256	16,984
Other Asia Pacific Countries	11,632	12,191
United States of America	2,323	2,210
European Countries	885	669
Others	30	510
	30,126	32,564
<u>Discontinued Operation</u>		
Thailand	0	288
Total	30,126	32,852

Information about major customer

Revenue from a customer of Malaysia’s segment contributed approximately RM5.80 million (19.26%) of the total Group’s revenues.

8. Valuation of property, plant and equipment

The valuation of property, plant and equipment have been brought forward without any amendment from the previous annual report.

9. Subsequent Events

There were no material events subsequent to the end of the reporting financial period.

10. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter.

11. Changes in contingent liabilities or contingent assets

The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to limit of RM1.50 million as at 31 December 2011 (31 December 2010 : RM1.50 million), of which RM0.11 million has been utilised as at 31 December 2011.

12. Capital Commitments

Authorised capital commitments not recognized in the interim financial statements as at 31 December 2011 are as follows :-

Contracted	RM'000
Land Held For Property Development	<u>800</u>

13. Material related party transactions

There were no material related party transactions for the current quarter and financial year-to-date.

B. ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of performance

The Group recorded revenue of RM14.89 million which was RM2.34 million or 13.60% lower as compared to preceding year corresponding quarter. The Group's profit after tax reported for the quarter significantly dropped by 27.48% to RM1.65 million from RM2.27 million as recorded in preceding year corresponding quarter.

Both the Malaysia and China operations recorded decrease in revenue of RM1.82 million (12.99%) and RM0.52 million (16.25%) respectively as compared to preceding year corresponding quarter. Albeit the decline in revenue recorded, the Malaysia operation managed to post the profit after tax for the quarter that closed to preceding year corresponding quarter, as result of its effective cost control measures. However, the China operation has posted loss of RM0.13 million due to change of sales mix and the loss incurred by the newly setup surface treatment subsidiary.

For the six months ended 31 December 2011, the group recorded revenue of RM30.12 million, representing decrease of RM2.43 million or 7.48% from preceding year corresponding period. In tandem with the lower sales revenue recorded, the group posted a profit after tax of RM3.27 million as compared to profit after tax of RM4.96 million as recorded in preceding year corresponding period.

Both the Malaysia and China operations recorded decrease in revenue of RM1.72 million (6.57%) and RM0.71 million (11.31%) respectively as compared to preceding year corresponding period. In

tandem with the decline in revenue recorded, the Malaysia operation posted a decrease in profit after tax for the period of RM0.33 million (7.67%) as compared to preceding year corresponding period. However, the China operation has posted a loss of RM0.18 million. The uncertainty of global economy has impacted our China customers, causing decline in incoming orders. Besides, the cost down exercise by certain customers and the increase in labour cost (minimum wages imposed by China government) led to the decline in profit reported. In addition, the cost incurred in the newly set up surface treatment subsidiary was a factor to the loss reported.

2. Comparison with preceding quarter's result

For the quarter under review, the Group recorded a rather flat result for its revenue and profit after tax as compared to the preceding quarter.

The Malaysia operation posted the revenue and profit after tax that at par with preceding quarter. However the China operation's revenue decreased by RM0.20 million (6.95%) with loss increased marginally by RM0.08 million as compared to preceding quarter. The unfavourable result was mainly attributed to the reason as stated in Note B1 above.

3. Commentary on the prospects of the Group

The outlook of the global economic uncertainties and unfavourable fiscal condition has become more significance and hence cause the operating environment to be more competitive and challenging.

Performance of the Group's Malaysia operations is expected to remain profitable for the second half of the financial year, but may be less favourable than the first half due to slower incoming orders.

For China operations, the performance is expected to be challenging as the precision components operation has experienced significant drop in incoming orders as a result of stringent cost control and cost down exercises by customers. In addition, the surface treatment operation is still in its infant stage and therefore suffering loss.

The Group will remain focus on its marketing activities to bring in more value added products as well as maintaining its operational efficiency and productivity to enhance the performance of both Malaysia and China operations.

4. Variance of actual profit from forecast profit or profit guarantee

The Group did not issue any profit forecast or profit guarantee in the current quarter or in the prior financial year.

5. Profit for the period

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period Ended
Group	31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000

Profit for the period is arrived at after

	(crediting)/charging :-			
Interest income	(191)	(163)	(368)	(294)
Interest expense	3	-	6	-
Depreciation & amortization	949	1,150	1,872	2,464
(Gain)/loss on disposal of Property, plant and equipment	3	-	3	487
Property, plant and equipment	1	-	2	6

Written off				
Foreign exchange (gain)/loss	(85)	64	(93)	113
(Gain)/loss on derivative	(43)	-	2	-

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

6. Taxation

Taxation comprises the following :-

Group	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year Quarter Ended 31/12/2011 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2010 RM'000	Current Year To Date 31/12/2011 RM'000	Preceding Year Corresponding Period Ended 31/12/2010 RM'000
Current year	(527)	(837)	(1,171)	(1,644)
Deferred tax	69	179	61	267
	(458)	(658)	(1,110)	(1,377)
(Under) / over provision in prior years	(11)	-	(11)	-
Total	(469)	(658)	(1,121)	(1,377)

The effective rate for the current year was higher than the statutory tax rate due to certain disallowed expenses and losses in oversea subsidiaries were unable to offset with Malaysia subsidiaries.

7. Profits or losses on sale of unquoted investments or properties

There were no profits or losses on the sale of unquoted investments and properties for the current quarter and financial year-to-date.

8. Status of corporate proposals

There was no corporate proposal announced as at the date of this interim report but pending completion.

9. Group borrowing and debt securities

There were no local and foreign borrowings as at the date of this report except the following :-

Hire Purchase

	Total Hire Purchase (RM'000)
Repayable within twelve months	97
Repayable more than twelve months	164
Total	261

The hire purchase payable of the Group as at 31 December 2011 is for the Group's motor vehicle. The portion of the hire purchase due within one (1) year is classified as current liabilities.

10. Derivative financial instruments

There were no derivative financial instruments as at the date of this quarterly report.

11. Gains or losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes of financial liabilities for the current quarter and financial year-to-date.

12. Breakdown of realised and unrealized profits or losses of the Group

	31/12/2011	31/06/2011
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	34,345	30,940
- Unrealised	<u>(1,512)</u>	<u>(1,527)</u>
	32,833	29,413
Consolidation adjustments and elimination	<u>(6,700)</u>	<u>(6,568)</u>
Total retained profits for the Group	<u>26,133</u>	<u>22,845</u>

13. Change in material litigations

There were no material litigations pending at the date of this report.

14. Dividend

The Board of Directors does not recommend any dividend for current quarter and financial year-to-date (31 December 2010 : Nil).

15. Earnings Per Share**(a) Basic earnings per share**

<u>Basic/diluted</u>	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year Quarter Ended 31/12/2011	Preceding Year Corresponding Quarter Ended 31/12/2010	Current Year To Date Ended 31/12/2011	Preceding Year Corresponding Period Ended 31/12/2010
Net profit /(loss) for the period attributable to the equity holders of the Company (RM'000):-				
- Continuing operations	1,635	2,565	3,233	5,309
- Discontinued operation	-	(321)	-	(409)
No. of ordinary shares in issue ('000)	50,356	50,356	50,356	50,356
Basic/diluted earnings per share attributable to the equity holders of the Company (sen):-				
- Continuing operations	3.25	5.09	6.42	10.54
- Discontinued operation	-	(0.64)	-	(0.81)
	<u>3.25</u>	<u>4.46</u>	<u>6.42</u>	<u>9.73</u>

b) Diluted earnings per share

The diluted earnings per ordinary share in individual and accumulative period ended 31 December 2011 is not shown as the effect of the assumed conversion of outstanding Employee Share Option Scheme options to ordinary shares would be anti-dilutive due to market price of the ordinary shares is currently lower than the subscription price.

16. Audit report of preceding annual financial statements

The Group's audited financial statements for the year ended 30 June 2011 were reported without any qualification.